

Message Text

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ACTION EUR-12

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FM AMEMBASSY THE HAGUE
TO SECSTATE WASHDC 3112
INFO EC COLLECTIVE
AMEMBASSY DAMASCUS
AMEMBASSY JIDDA
AMEMBASSY TEL AVIV

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DEPARTMENT ALSO PASS TO COMMERCE

E.O. 11652: N/A
TAGS: ETRD, NL
SUBJECT: ARAB BOYCOTT

1. SUMMARY. A SPECIAL PARLIAMENTARY INVESTIGATE COMMITTEE IS IN PROCESS OF CONDUCTING "PRELIMINARY INQUIRIES INTO ALLEGATIONS THAT DUTCH FIRMS ARE COOPERATING IN THE ARAB BOYCOTT AGAINST ISRAEL". WHILE THE COMMITTEE'S FINDINGS ARE EXPECTED TO SET THE STAGE FOR A CLOSER LOOK AT AND POSSIBLE REVIEW OF THE PRESENT AND LONG-STANDING OFFICIAL DUTCH "HANDS OFF" POLICY IT IS TOO EARLY TO BE CERTAIN WHETHER GON AND PARLIAMENT WILL EVENTUALLY DECIDE TO IMPOSE ANTIBOYCOTT LEGISLATION THAT MIGHT RESTRICT PRESENT HIGH LEVEL OF DUTCH BUSINESS EFFORTS IN OIL-RICH ARAB COUNTRIES. END SUMMARY.

2. DECISION TO NAME A SPECIAL COMMITTEE OF INQUIRY WAS STIMULATED BY THE PUBLICATION IN FEBRUARY BY THE LOCAL ISRAEL INFORMATION AND DOCUMENTATION CENTER OF A 48-PAGE
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"BLACK BOOK" ENTITLED "THE ARAB BOYCOTT AND NETHERLANDS", PREPARED BY THE CENTER'S YOUNG CHIEF RESEARCHER, R.M. NAFTANIEL. THE PUBLICATION'S THEMES ARE THAT ARAB STATES ARE SHIFTING THE MIDDLE EAST CONFLICT TO NEUTRAL THIRD COUNTRIES SUCH AS NETHERLANDS AND THAT COMPLIANCE BY DUTCH FIRMS WITH ARAB BOYCOTT COULD AFFECT THE COMPETITIVE POSITION OF DUTCH FIRMS WISHING TO DO BUSINESS WITH ISRAEL.

3. SECOND CHAMBER MEMBERS OF THE OPPOSITION LABOR PARTY, SUPPORTED BY SOME MEMBERS FROM OTHER PARTIES, ASKED THE VAN AGT GOVERNMENT TO INVESTIGATE THE BOOK'S ALLEGATIONS THAT DUTCH FIRMS TRADING WITH ARAB STATES HAD AGREED TO SIGN ANTI-ISRAEL CONTRACT CLAUSES OR HAD TO OBSERVE SUCH CLAUSES AND THAT, UNDER PRESSURE OF ARAB BOYCOTT OFFICE, JEWISH DUTCHMEN AND THEIR FIRMS WERE SUBJECT TO DISCRIMINATION. WHEN GON REPLIED THAT IT SAW NO REASON AT THIS TIME TO INVESTIGATE ALLEGATIONS, SECOND CHAMBER UNANIMOUSLY SUPPORTED A PROPOSAL BY ITS TRADE POLICY COMMITTEE THAT SECOND CHAMBER APPOINT A SPECIAL COMMITTEE TO INVESTIGATE THE ALLEGATIONS, A PARLIAMENTARY RIGHT USED IN NETHERLANDS ONLY ONCE SINCE THE SECOND WORLD WAR. THE SPECIAL INVESTIGATIVE COMMITTEE WAS CREATED IN LATE APRIL AND COMPRISES 22 MEMBERS INCLUDING DEPUTIES FROM ALL ELEVEN PARTIES. IT HAS SINCE BEGUN TO COLLECT DATA AND HAS GIVEN READY ACCESS TO AND COPIES OF U.S. LEGISLATION DEALING WITH THE SUBJECT. WE UNDERSTAND SOME EFFORTS MAY ALSO BE MADE TO DETERMINE HOW OTHER EC MEMBERS MAY BE HANDLING THE SUBJECT.

4. WE WILL REPORT DEVELOPMENTS AND WOULD WELCOME ANY GUIDANCE OR INFORMATION DEPARTMENT MAY WISH TO PROVIDE.

5. COMMENT: WE HAD BEEN TOLD EARLIER IN PRIVATE BY THE CHAIRMAN OF THE SPECIAL COMMITTEE (VAN DEN BERGH, LABOR) LIMITED OFFICIAL USE

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THAT HE FELT ANY LEGISLATION FINALLY APPROVED BY THE SECOND CHAMBER WOULD HAVE SUFFICIENT LOOPHOLES TO PERMIT CONTINUED PARTICIPATION BY DUTCH INDUSTRY IN THE LUCRATIVE ARAB MARKET. IT IS OUR JUDGMENT THAT ISRAEL IS SOMEWHAT IN DISFAVOR WITH PARLIAMENTARIANS NOW BECAUSE OF THEIR PERCEPTION THAT ISRAEL HAS NOT BEEN RESPONSIVE TO SADAT'S PEACE MOVES. THE CONSIDERATION OF ANY BOYCOTT LEGISLATION WOULD TAKE PLACE, ON THE ONE HAND, AGAINST THE BACKGROUND OF GENERAL SYMPATHY FOR ISRAEL PREVAILING AT THE TIME AND, ON THE OTHER, AGAINST THE GENERAL HISTORY OF DUTCH LAISSEZ FAIRE ATTITUDES. IT IS NOT CERTAIN AT THIS TIME WHETHER THERE WILL BE ANY ANTI-BOYCOTT LEGISLATION, BUT IF THERE IS, IT WOULD PROBABLY NOT BE VERY RESTRICTIVE. DUNNIGAN

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